

EXECUTIVE SUMMARY

The FY98-FY03 Defense Depot Maintenance Council Business Plan (DBP) describes continuing joint Service initiatives for managing the depot maintenance industrial base during the remainder of the 1990s and beyond.

First the DBP reviews the current environment in which depot maintenance is performed--an environment marked by policy changes, reengineering business practices, increased use of the private sector, and continuing implementation of BRAC-mandated closures and realignments. This review includes a recap of FY98 and FY99 depot maintenance legislation.

Next, the DBP provides summary-level depot maintenance information. The status of closures and realignments mandated by BRAC for depot maintenance installations is presented. Also presented is statistical information on various aspects of depot maintenance including forecasts of depot maintenance expenditures, workload, capacity, personnel and capital investments. All of these reflect the continued reduction of the organic depot maintenance infrastructure.

Of the statistical information, several elements are notable. The depot maintenance expenditures estimate increases 13.7 percent for the period FY98 through FY03 (in then year dollars); however, constant FY98 dollars for the same period reflect an increase of only 2.2 percent. Organic workload projections show a downward trend from a FY98 level of 78.5 million direct labor hours to a FY03 level of 74.9 million direct labor hours, a decrease of approximately 4.7 percent. The level of contract workload reflects increases from FY98 through FY03 from a level of \$5.1 billion to \$5.7 billion, or approximately 13.7 percent (then year dollars) (2.2 percent in FY98 constant dollars). Depot maintenance personnel levels are projected to fall from a FY98 level of 69,111 people to a FY03 level of 60,368 people, or approximately 12 percent. It should be noted that all projections will be impacted by evolving depot maintenance legislation and policy.

Other notable data points include the depot maintenance interservicing levels for FY96 and FY97. The FY96 level of interservicing for the DOD workload that is susceptible to interservicing is 13.3 percent. The FY97 level is 14.3 percent.

Additionally, this DBP describes Service initiatives for future depot maintenance management. These initiatives reflect OSD depot maintenance policies, as well as innovations of the individual Services. Each Service is aggressively striving to manage the depot infrastructure to ensure economically efficient operations while meeting customer requirements.

Finally, the DBP portrays Service efforts to capitalize on private sector capabilities while reducing the organic infrastructure. Numerous Service-provided examples of outsourcing, privatization, partnering arrangements and use of on-site contractors all

show an increasing role for the private sector in the accomplishment of the DOD depot maintenance mission.

As is the case with this DBP, future editions will reflect the progress made by the Services in implementing the various decisions, legislation, policies and management initiatives that affect the DOD depot maintenance community.